

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF NEW YORK

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In Re:

Chapter 11

PATRICK HACKETT HARDWARE COMPANY.

Case No. 09-63135

Debtor.

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**DISCLOSURE STATEMENT**

**NOTICE: THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCE OR REJECTION MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT.**

**Antonucci Law Firm, LLP**  
David P. Antonucci, of  
counsel  
Attorneys for Debtors  
Bar Roll No.: 101041  
12 Public Square  
Watertown, New York 13601  
(315) 788-7300

## INTRODUCTION

On November 11, 2009 (“Petition Date”), Patrick Hackett Hardware Company . (“Debtor”) filed a petition for bankruptcy pursuant to Chapter 11 of the United States Bankruptcy Code (hereinafter the “Code”) with the United States Bankruptcy Court for the Northern District of New York, Utica Division (hereinafter the “Court”). Pursuant to §§1107 and 1108 of the Code Debtor has and continues to operate its business and manage its property as a Debtor-in-Possession. The Debtor has filed a Plan of Reorganization (the “Plan”) and has prepared this Disclosure Statement pursuant to Bankruptcy Rules 3016 and 3018, and in compliance with §1125(b) of the Code, for the purposes of soliciting acceptances to the Plan.

The purpose of this Disclosure Statement is to give creditors and other holders of claims sufficient information to permit them to cast an informed vote to accept or reject the Plan. The opinion of the Debtor is that acceptance of the Plan is in the best interest of each class of creditors and claimants, and recommends that each creditor and claimant vote to accept the Plan.

The Court has set and fixed \_\_\_\_\_ at \_\_\_\_\_ a.m. in the United States Bankruptcy Court, 10 Broad Street, Utica, New York as the date for the hearing on approval of this Disclosure Statement. Any objections to the approval of the Disclosure Statement must be filed with the Bankruptcy Court and a copy served upon Debtor’s counsel at least five (5) business days before the hearing date. The debtor’s counsel is the Antonucci Law Firm LLP, 12 Public Square, Watertown, New York 13601. If the

Disclosure Statement is approved, the Court shall schedule a time by which creditor may vote to accept or reject the Plan.

The vote of each creditor is meaningful. The Plan will be accepted if it is approved by each class of these voting creditors. For a class to approve the Plan those members who hold claims of at least 2/3 in dollar amount of the class and comprise 1/2 in number of the voting claims of the class must approve. Those creditors who are entitled to vote on the Plan may do so by submitting the enclosed ballot for accepting or rejecting the Plan ("Ballot") to counsel for the Debtor at the address set forth below, no later than the deadline set by the Court as contained in the attached Order.

Debtors Counsel: Antonucci Law Firm LLP  
12 Public Square  
Watertown, New York 13601

To be counted, your ballot indicating acceptance or rejection of the plan must be received no later than 4:00 P.M. EST on \_\_\_\_\_, 2010.

#### **DISCLAIMER**

COPIES OF THE PLAN WILL BE SENT WITH, AND ARE ATTACHED TO, THIS DISCLOSURE STATEMENT AS WELL AS TO EACH CREDITOR OR CLAIMANT IS ALLOWED TO VOTE ON THE PLAN. THE DEFINITIONS CONTAINED IN THE PLAN APPLY TO THIS DISCLOSURE STATEMENT AND EACH RECIPIENT OF THIS DISCLOSURE STATEMENT IS URGED TO REVIEW THE PLAN CAREFULLY.

NO REPRESENTATIONS CONCERNING THE DEBTOR'S FINANCIAL CONDITION, THE PLAN, OR THE VALUE OF THE DEBTOR'S ASSETS ARE AUTHORIZED OR SET FORTH BY THE DEBTOR OTHER THAN AS SET FORTH HEREIN. ANY REPRESENTATIONS OR PROMISES MADE TO INDUCE BALLOTS IN FAVOR OF THE PLAN, OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT, SHOULD NOT BE RELIED UPON BY ANY CLAIMANT OR CREDITOR IN REACHING A DECISION REGARDING THIS PLAN. ANY SUCH ADDITIONAL REPRESENTATIONS, PROMISES, INDUCEMENTS SHOULD BE IMMEDIATELY REPORTED, PREFERABLY IN WRITING, TO COUNSEL FOR THE DEBTOR WHO SHALL DISCLOSE SUCH INFORMATION TO THE COURT WHICH SHALL ACTION UPON SUCH INFORMATION IN THAT MANNER WHICH IT DEEMS APPROPRIATE.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT OR TO ANY OTHER ACCOUNTING REVIEW EXCEPT AS NOTED HEREIN. DUE TO THE ACCOUNTING COMPLEXITIES INHERENT IN ANY CHAPTER 11 CASE, THE COMPLEXITY OF THE DEBTOR'S FINANCIAL MATTERS, AND THE STATE OF THE DEBTOR'S FINANCIAL, LEGAL AND ACCOUNTING RECORDS, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT T THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE.

PROJECTIONS HAVE BEEN MADE SOLELY UPON THE EXPECTATIONS AND RECORDS OF THE DEBTOR WITH RESPECT TO FUTURE REVENUES AND OPERATION EXPENSES, AS WELL AS THE ALLOWANCE OF VARIOUS CLAIMS.

CREDITORS ARE URGED TO READ THROUGH ALL OF THE DISCLOSURE STATEMENT, PLAN AND OTHER DOCUMENTS ENCLOSED HEREIN, AND THEN TO CONSULT WITH THEIR ATTORNEYS, PROFESSIONAL ADVISERS OR OTHERS WHOM THEY MAY DEEM HELPFUL OR RELY UPON IN REACHING THEIR DECISIONS ABOUT THE PLAN.

APPROVAL BY THE COURT OF THIS DISCLOSURE STATEMENT IS NOT A RECOMMENDATION CONCERNING THE MERITS OR ACCEPTABILITY OF THE PLAN.

### **THE DEBTOR**

Debtor is a New York State domestic corporation. The same was incorporated in 1901. The President is Herbert Becker. Mr. Becker is the sole officer. The sole shareholder is Wisebuys, Inc. (formerly known as Hackett's Stores, Inc.) and the sole director is Thomas Scozzafava. Mr. Scozzafava is also active in the day-to-day operation of the debtor. Those circumstances are not envisioned or expected to change in the next five to six years.

The Debtor engages in a single, general purpose. The Debtor operates general retail stores in St. Lawrence County, New York. The main store and corporate offices are located in Ogdensburg, New York. The debtor sells a wide variety of merchandise. In

addition, the debtor also operates both a restaurant at the Ogdensburg facility. The debtor possesses all necessary licenses and permits to serve food and generally operate.

Besides management, certain other nominal employees exist that are not related to the President or Chairman of the Board. The President operates the premises daily and remains in control of all purchasing, financial records and decisions.

The debtor's equipment adequate for its needs; especially as the scope of its operations has decreased (see below) The debtor does not envision any need to upgrade or repair its equipment or fixtures beyond normal wear and tear. The debtor owns the real property at which it is located with the exception of its store in Massena New York. The premises presently used are adequate for the needs of the debtor.

Generally, the debtor actively operates all year round. Traditionally, the debtor's income dramatically increases during the holiday shopping/winter months.

#### **HISTORICAL INFORMATION AND EVENTS LEADING TO FILING**

Certain events occurred in 2008 through 2009 which subsequently resulted in the filing of the instant Chapter 11. The debtor experienced an inability to pay its debts as the same became due. The same resulted from the "call" of a line of credit by Wells Fargo Bank ("Wells Fargo") in the approximate sum of Five Million Dollars (\$5,000,000.00). The call occurred though no monetary defaults occurred with respect to that lending facility. Wells Fargo had a perfected first lien upon essentially all assets of

the debtor except its real property. As a result, the debtor was compelled to engage in a massive “sell down” of inventory and closing of stores. The Wells Fargo obligation was satisfied in full. Prior management controlled the debtor when the “call” occurred.

As a result of the Wells Fargo “call” and subsequent sell down, the debtor experienced extreme cash flow constraints. Wells Fargo was in de facto control of income and expenditures. The debtor lacked the ability to pay regular debts as the same became due. More importantly, the debtor could not obtain seasonal inventory necessary to keep current products available for customers. Various unsecured creditors filed an involuntary petition in bankruptcy pursuant to Chapter Seven of the Code. That matter was ultimately dismissed through negotiation with counsel for the petitioners. In addition the loss or revenue was attributed to a downturn in the national economy. New management was retained to address all these issues.

As a result of the above, the debtor was unable to pay its obligations as the same became due. Specifically, the secured obligations were not paid to the debtor’s primary secured creditors the True Value Company (hereinafter “True Value”) and YA Global Investments. The debtor was also unable to pay certain sales tax obligations which arose during the sell down.. In the fall of 2009 it became obvious to the debtor that a resolution could not be reached with respect to these matters. Finally, various unsecured creditors had restrained the checking account of the debtor as a result of certain judgments being entered in the Supreme Court, County of St. Lawrence. Based on these factors, Debtor filed its Chapter 11 petition in November of 2009 to avoid loss of its real

and personal property as well as avoiding cessation of business.

## **CHAPTER 11 FILING AND SUBSEQUENT PROCEEDINGS**

As described above, the debtor filed its voluntary petition for relief under Chapter 11 of the Code on October 13, 2005. Since the Filing Date, the Court has authorized the debtor to employ Antonucci Law Firm LLP (“Counsel”) as its counsel. The appointment of counsel was approved by the court. The debtor has not sought the appointment of an accountant. The Office of the United States Trustee has indicated an official Committee of Unsecured Creditors pursuant to §1102 of the Code has been formed. That Committee has retained Cooley, Godward LLP as its counsel. That retention has been approved by the court. Certain fees have also been approved by the court which are the subject of a motion to reconsider returnable after the date of this statement.

At the time of filing its petition for relief, the debtor had various secured creditors. A stipulation concerning of adequate protection has been reached with the primary secured creditors YA Global Investment Partners L.P. (hereafter “YA”) and True Value filing of the petition. The same has not yet been approved by the Court. In addition, the debtor’s parent corporation and another related corporation have formulated various lending facilities and documents in order to partially fund the plan or reorganization. The same has been distributed for comment to various parties and it is anticipated the agreements will be presented to the court for approval prior to the confirmation hearing in this matter.

Key Bank and its partial assigns holds a perfected first mortgage upon the



debtor's real and personal property. In addition, Wells Fargo sought a determination that it held a perfected first lien on the personal property of the debtor. The court denied that application.

On or about January 15, 2010 True Value commenced an adversary action docket number 10-80004-6 to determine its lien superior to YA, Wells Fargo and others. That action is still pending. The resolution of that action is critical to the debtor and the administration of the case. No preference or related actions have been commenced by the debtor and none are envisioned.

Certain post-petition real property tax obligations also exist that, although unpaid, the debtor can satisfy upon confirmation. Other, minor purchase money secured interests have been paid in accordance with there contract terms. No other creditors have sought adequate protection or relief pursuant to 11 USC 362.

The debtor began to realize that certain of its marketing practices needed to be changed. As a result, the debtor instituted various changes to its locations, pricing and marketing that increase profitability. Specifically, unprofitable stores have been closed, payroll reduced and liquidation of dated or obsolete inventory completed. Though the debtor has not been profitable, it expects to become profitable upon the receipt of additional working capital from its sole shareholder and another, related corporation. The debtor expects this profitable trend to continue through the remainder of 2010.

Since the Filing Date, Debtor has acted as a debtor in possession under the Code, and has operated its business in such capacity in its ordinary course. The management of the Debtor has remained constant. It is anticipated that present management will remain

in place through 2010 and after the anticipated confirmation hearing and consummation of the Chapter 11 plan. The management consists solely of the debtor's present President

As such, the debtor has continued to operate its business ventures with the intention of restructuring the obligations through a plan of reorganization. Debtor has paid its ordinary course of business expenses and for maintenance of personal property without exception save those mentioned above except for minor obligations that will be paid upon the effective date or upon such other terms and the parties may agree.

### **FINANCIAL INFORMATION**

Debtor's income is generated from its ordinary course of business and related activities. As of the Filing Date, Debtor had contingent, non-contingent and disputed claims exceeding \$10,000,000.00 dollars and assets with a fair market value equal to approximately \$1,600,000.00 based on debtor's valuations. No recent appraisals have been completed by the debtor. The valuations are based on purchase price for the real and personal property, certain real property tax assessments and the debtor's knowledge of the industry. The debtor also is now indebted to its legal counsel. It is estimated that the approximate amount due the professionals on the Effective Date of the plan will be \$25,000.00. Counsel for the debtor has agreed to accept those fees over a period of time if necessary. There is also an administrative debt to the various taxing entities in the approximate amount of \$8,000.00 and unpaid real property taxes also exist. No other obligations or administrative debt has accrued except counsel fees to the Committee which continue to accrue and are estimated to ultimately result in a claim of approximately \$40,000.00

Debtor's assets presently consist of real property, equipment and fixtures and inventory for resale located on debtor's real property along with cash on hand. As such, in the event of liquidation, all unsecured creditors would receive 0% since the debt of Key Bank upon the real property, the liens of True Value and YA collectively constitute liens on all debtors' property, and exceed the value of that property. Since the Filing Date, Debtor has prepared and filed Operating Reports as required by the United States

Those projections reflect the profitable operations of the debtor of the debtor upon recapitalization.. The profitable operations indicates a notable change from the prior years of operation. Though, prior to the Well Fargo "call" the debtor had operated with considerable profit for over a decade.

In addition, the debtor's shareholder will contribute by loan the sum of approximately \$500,000.00 to be converted to equity to be embodied in an agreement to be presented and approved by the court including a capital contribution from Seaway Valley Capital Corporation another related corporation of \$200,000.00. The source of the contributions will be various public offerings. In addition, the debtor intends to investigate the sale of excess real estate in Canton and Ogdensburg, New York with a leaseback of the premises if necessary. The debtor envisions an additional \$150,000.00 to \$200,000.00 in working capital will be raised from the same.

The reports show continued losses. The debtor has projected its income for the coming years. The same are as follows:

**Hacketts**

	Aug	Sept	Oct	Nov	Dec
Gross Sales	130,000	150,000	225,000	300,000	400,000
Net Sales	130,000	150,000	225,000	300,000	400,000
Total Cost of Goods Sold	60,000	65,000	100,000	150,000	200,000
Gross Profit	70,000 53.85%	85,000 56.67%	125,000 55.56%	150,000 50.00%	200,000 50.00%
Salaries- Office	20,000	20,000	20,000	20,000	20,000
Salaries-Store Staff	25,000	25,000	25,000	25,000	30,000
Total Salaries Expense	45,000	45,000	45,000	45,000	50,000
Payroll Fees	1,000	1,000	1,100	1,000	1,100
Payroll Taxes	2,300	2,300	2,300	2,300	2,300
Workments Comp Ins	1,500	1,500	1,500	1,500	1,500
Group Health Insurance	1,500	1,500	1,500	1,500	1,500
Life Insurance	600	600	600	600	600
Safe Harbor Match	1,050	1,050	1,050	1,050	1,050
Payroll Taxes and Benefits	7,950	7,950	8,050	7,950	8,050
Heat Light Power and Water	2,500	2,500	2,000	2,500	2,000
Facility Maintenance	2,600	2,600	2,600	2,600	2,600
Repairs	500	500	500	500	500
Rent	0	0	0	0	0
Common Area Maintenance	0	0	0	0	0
Leased Property Insurance	0	0	0	0	0
Leased Property RE Taxes	0	0	0	0	0
Real Estate Taxes	0	0	0	50,000	0
	0	0	0	0	0
Total Occupancy	5,600	5,600	5,100	55,600	5,100
Check Processing Fees	200	200	100	200	100
Bank Service Fees	300	300	5,000	300	5,000
Office Supplies and Postage	450	450	200	450	200
Advertising	600	600	600	600	600
Donations	0	0	0	0	0
Telephone	1,050	1,050	1,050	1,050	1,050
Bad Debts	0	0	400	0	400
Credit Card Expense	500	500	500	500	500
Delivery Expense	300	300	350	300	350
Ryder Truck rental	600	600	600	600	600
Insurance	1,500	1,500	1,500	1,500	1,500
D/B/L Insurance Expense	800	800	1,000	800	1,000
Taxes	0	0	0	0	0
Sales Tax	0	0	0	0	0
Sales Tax Interest	0	0	0	0	0
Interest	0	0	0	0	0

Depreciation	420	420	0	420	0
Depreciation-WB	1,200	1,200	1,200	1,200	1,200
Depreciation-Bldgs & Sprts Ctr	250	250	250	250	250
Store and Shop supplies	500	500	500	500	500
Waste disposal Expense	670	670	500	670	500
Legal and Accounting	200	200	0	200	0
Professional Services	0	0	0	0	0
Dues and Subscriptions	100	100	125	100	125
Travel, Buying, Entertainments	525	525	500	525	500
Food Expense	0	0	0	0	0
Miscellaneous Expense	0	0	0	0	0
Amortization Expense	0	0	0	0	0
Amortization Expense - WB	1,000	1,000	1,000	1,000	1,000
Cash over & Short	0	0	0	0	0
Retirement Benefit Obligation	0	0	0	0	0
Computer Expense	925	925	0	925	0
Internet Expense	400	400	400	400	400
Finance Charges	0	0	0	0	0
Penalties	0	0	0	0	0
Total General & Administration	12,490	12,490	15,775	12,490	15,775
Gross Operating Income	1,040	13,960	51,075	28,960	121,075
Dividends	0	0	0	0	0
Gain on Sale of Fixed Assets	0	0	6,900	0	6,900
Bad Debts Recovery	0	0	0	0	0
Other Income	0	0	0	0	0
Commission Income	0	0	0	0	0
Third Party Income	0	0	0	0	0
			0		0
Total Other Income	0	0	6,900	0	6,900
Gross Income (Loss)	1,040	13,960	44,175	28,960	114,175
Other Income & Expense	0	0	0	0	0
Income/Loss Fr Discont'd Oprtn	0	0	6,900	0	6,900
Gain/Loss on Disposl Disctd Ope	0	0	0	0	0
			0		0
Net Income (Loss)	1,040	13,960	37,275	28,960	107,275

Last five months 2010		2011	Jan	Feb	March
\$1,205,000		122,000.00	122,000.00	122,000.00	122,000.00
\$1,205,000	100.00%	118,900.00	118,400.00	118,400.00	118,400.00
\$575,000	47.72%	60,000	60,000	60,000	60,000
\$630,000	52.28%	58,900.00	58,400.00	58,400.00	58,400.00
52.28%		49.5%	49.3%	49.3%	49.3%
\$100,000	8.30%	20,000	20,000	20,000	20,000
\$130,000	10.79%	25,000	25,000	25,000	25,000
\$230,000	19.09%	45,000.00	45,000.00	45,000.00	45,000.00
\$5,200	0.43%	1,000.00	1,100.00	1,100.00	1,100.00
\$11,500	0.95%	2,300.00	2,300.00	2,300.00	2,300.00
\$7,500	0.62%	4,700.00	4,700.00	4,700.00	4,700.00
\$7,500	0.62%	4,800.00	4,800.00	4,800.00	4,800.00
\$3,000		600.00	600.00	600.00	600.00
\$5,250	0.44%	1,050.00	1,050.00	1,050.00	1,050.00
\$0					
\$39,950	3.32%	14,450.00	14,550.00	14,550.00	14,550.00
\$11,500	0.95%	2,500.00	2,000.00	2,000.00	2,000.00
\$13,000	1.08%	2,600.00	2,600.00	2,600.00	2,600.00
\$2,500	0.21%	500.00	500.00	500.00	500.00
\$0	0.00%	-	-	-	-
\$0		-	-	-	-
\$0		-	-	-	-
\$0		-	-	-	-
\$50,000		-	-	-	-
\$0		-	-	-	-
\$77,000	6.39%	5,600.00	5,100.00	5,100.00	5,100.00
\$800	0.07%	200.00	100.00	100.00	100.00
\$10,900	0.90%	300.00	5,000.00	5,000.00	5,000.00
\$1,750	0.15%	450.00	200.00	200.00	200.00
\$3,000	0.25%	600.00	600.00	600.00	600.00
\$0		-	-	-	-
\$5,250	0.44%	1,050.00	1,050.00	1,050.00	1,050.00
\$0		-	400.00	400.00	400.00
\$2,500	0.21%	500.00	500.00	500.00	500.00
\$1,600	0.13%	300.00	350.00	350.00	350.00
\$3,000	0.25%	600.00	600.00	600.00	600.00
\$7,500	0.62%	2,200.00	2,800.00	2,800.00	2,800.00
\$4,400	0.37%	800.00	1,000.00	1,000.00	1,000.00
\$0		-	-	-	-
\$0		-	-	-	-
\$0		-	-	-	-
\$0	0.00%	-	-	-	-

\$1,260	0.10%	420.00	-	-
\$6,000	0.50%	1,200.00	1,200.00	1,200.00
\$1,250	0.10%	250.00	250.00	250.00
\$2,500	0.21%	500.00	500.00	500.00
\$3,010	0.25%	670.00	500.00	500.00
\$600		200.00	-	-
\$0		-	-	-
\$550		100.00	125.00	125.00
\$2,575	0.21%	525.00	500.00	500.00
\$0		-	-	-
\$0		-	-	-
\$0		-	-	-
\$5,000	0.41%	1,000.00	1,000.00	1,000.00
\$0		-	-	-
\$0	0.00%	-	-	-
\$2,775	0.23%	925.00	-	-
\$2,000	0.17%	400.00	400.00	400.00
\$0	0.00%	-	-	-
\$0		-	-	-
\$0		-	-	-
\$68,220	5.66%	13,190.00	17,075.00	17,075.00
\$214,830	17.83%	(19,340.00)	(23,325.00)	(23,325.00)
\$0		-	-	-
\$13,800		-	(6,900.00)	(6,900.00)
\$0		-	-	-
\$0		-	-	-
\$0		-	-	-
\$0		-	-	-
\$0		-	-	-
\$13,800		-	(6,900.00)	(6,900.00)
\$201,030	16.68%	(19,340.00)	(30,225.00)	(30,225.00)
\$0		-	-	-
\$13,800		-	(6,900.00)	(6,900.00)
\$0		-	-	-
\$0		-	-	-
\$187,230	15.54%	(19,340.00)	(37,125.00)	(37,125.00)

April	May	June	July	Total Aug	Sept	Oct
122,000.00	122,000.00	122,000.00	122,000.00	130,000	200,000	300,000
118,900.00	118,400.00	118,900.00	118,400.00	126,400.00	196,400.00	296,400.00
60,000	60,000	60,000	60,000	60,000	90,000	140,000
58,900.00	58,400.00	58,900.00	58,400.00	66,400.00	106,400.00	156,400.00
49.5%	49.3%	49.5%	49.3%	52.5%	54.2%	52.8%
20,000	20,000	20,000	20,000	20,000	20,000	20,000
25,000	25,000	25,000	25,000	25,000	25,000	25,000
45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00
1,000.00	1,100.00	1,000.00	1,100.00	1,100.00	1,100.00	1,100.00
2,300.00	2,300.00	2,300.00	2,300.00	2,300.00	2,300.00	2,300.00
4,700.00	4,700.00	4,700.00	4,700.00	4,700.00	4,700.00	4,700.00
4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00
600.00	600.00	600.00	600.00	600.00	600.00	600.00
1,050.00	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00
14,450.00	14,550.00	14,450.00	14,550.00	14,550.00	14,550.00	14,550.00
2,500.00	2,000.00	2,500.00	2,000.00	2,000.00	2,000.00	2,000.00
2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00
500.00	500.00	500.00	500.00	500.00	500.00	500.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
50,000.00	-	50,000.00	-	-	-	-
-	-	-	-	-	-	-
55,600.00	5,100.00	55,600.00	5,100.00	5,100.00	5,100.00	5,100.00
200.00	100.00	200.00	100.00	100.00	100.00	100.00
300.00	5,000.00	300.00	5,000.00	5,000.00	5,000.00	5,000.00
450.00	200.00	450.00	200.00	200.00	200.00	200.00
600.00	600.00	600.00	600.00	600.00	600.00	600.00
-	-	-	-	-	-	-
1,050.00	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00
-	400.00	-	400.00	400.00	400.00	400.00
500.00	500.00	500.00	500.00	500.00	500.00	500.00
300.00	350.00	300.00	350.00	350.00	350.00	350.00
600.00	600.00	600.00	600.00	600.00	600.00	600.00
2,200.00	2,800.00	2,200.00	2,800.00	2,800.00	2,800.00	2,800.00
800.00	1,000.00	800.00	1,000.00	1,000.00	1,000.00	1,000.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-



420.00	-	420.00	-	-	-	-
1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
250.00	250.00	250.00	250.00	250.00	250.00	250.00
500.00	500.00	500.00	500.00	500.00	500.00	500.00
670.00	500.00	670.00	500.00	500.00	500.00	500.00
200.00	-	200.00	-	-	-	-
-	-	-	-	-	-	-
100.00	125.00	100.00	125.00	125.00	125.00	125.00
525.00	500.00	525.00	500.00	500.00	500.00	500.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
925.00	-	925.00	-	-	-	-
400.00	400.00	400.00	400.00	400.00	400.00	400.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,190.00	17,075.00	13,190.00	17,075.00	17,075.00	17,075.00	17,075.00
(69,340.00)	(23,325.00)	(69,340.00)	(23,325.00)	(15,325.00)	24,675.00	74,675.00
-	-	-	-	-	-	-
-	(6,900.00)	-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(6,900.00)	-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)
(69,340.00)	(30,225.00)	(69,340.00)	(30,225.00)	(22,225.00)	17,775.00	67,775.00
-	-	-	-	-	-	-
-	(6,900.00)	-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(69,340.00)	(37,125.00)	(69,340.00)	(37,125.00)	(29,125.00)	10,875.00	60,875.00

Nov	Dec	Total	
400,000	600,000	2,484,000.00	
396,400.00	596,400.00	2,442,300.00	98.32%
200,000	200,000	1,110,000.00	44.69%
196,400.00	396,400.00	1,332,300.00	53.64%
49.5%	66.5%	54.6%	
20,000	25,000		
25,000	30,000	305,000.00	12.28%
45,000.00	55,000.00	550,000.00	22.14%
1,100.00	1,100.00	12,900.00	0.52%
2,300.00	2,300.00	27,600.00	1.11%
4,700.00	4,700.00	56,400.00	2.27%
4,800.00	4,800.00	57,600.00	2.32%
600.00	600.00	7,200.00	
1,050.00	1,050.00	12,600.00	0.51%
14,550.00	14,550.00	174,300.00	7.02%
2,000.00	2,000.00	25,500.00	1.03%
2,600.00	2,600.00	31,200.00	1.26%
500.00	500.00	6,000.00	0.24%
-	-	-	0.00%
-	-	-	
-	-	-	
-	-	-	
-	-	100,000.00	
-	-	-	
5,100.00	5,100.00	162,700.00	6.55%
100.00	100.00	1,500.00	0.06%
5,000.00	5,000.00	45,900.00	1.85%
200.00	200.00	3,150.00	0.13%
600.00	600.00	7,200.00	0.29%
-	-	-	
1,050.00	1,050.00	12,600.00	0.51%
400.00	400.00	3,600.00	
500.00	500.00	6,000.00	0.24%
350.00	350.00	4,050.00	0.16%
600.00	600.00	7,200.00	0.29%
2,800.00	2,800.00	31,800.00	1.28%
1,000.00	1,000.00	11,400.00	0.46%
-	-	-	
-	-	-	
-	-	-	
-	-	-	0.00%

-	-	1,260.00	0.05%
1,200.00	1,200.00	14,400.00	0.58%
250.00	250.00	3,000.00	0.12%
500.00	500.00	6,000.00	0.24%
500.00	500.00	6,510.00	0.26%
-	-	600.00	
-	-	-	
125.00	125.00	1,425.00	
500.00	500.00	6,075.00	0.24%
-	-	-	
-	-	-	
-	-	-	
1,000.00	1,000.00	12,000.00	0.48%
-	-	-	
-	-	-	0.00%
-	-	2,775.00	0.11%
400.00	400.00	4,800.00	0.19%
-	-	-	0.00%
-	-	-	
-	-	-	
17,075.00	17,075.00	193,245.00	7.78%
114,675.00	304,675.00	252,055.00	10.15%
-	-		
(6,900.00)	(6,900.00)	(62,100.00)	
-	-		
-	-		
-	-		
-	-		
(6,900.00)	(6,900.00)	(62,100.00)	
107,775.00	297,775.00	189,955.00	7.65%
-	-		
(6,900.00)	(6,900.00)	(6,900.00)	
-	-		
-	-		
100,875.00	290,875.00	183,055.00	7.37%

<b>Hacketts</b>	<b>2012</b>	-	-	-	-
	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>
Gross Sales	122,000.00 3,100.00	122,000.00 3,600.00	122,000.00 3,600.00	122,000.00 3,100.00	122,000.00 3,600.00
Net Sales	118,900.00	118,400.00	118,400.00	118,900.00	118,400.00
	-	700.00	700.00	-	700.00
	-	-	-	-	-
	11,000.00	10,000.00	10,000.00	11,000.00	10,000.00
Total Cost of Goods Sold	60,000	60,000	60,000	60,000	60,000
Gross Profit	58,900.00 49.5%	58,400.00 49.3%	58,400.00 49.3%	58,900.00 49.5%	58,400.00 49.3%
Salaries- Office	20,000	20,000	20,000	20,000	20,000
Salaries-Store Staff	25,000	25,000	25,000	25,000	25,000
Total Salaries Expense	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00
Payroll Fees	1,000.00	1,100.00	1,100.00	1,000.00	1,100.00
Salaries Contractual Expense	-	-	-	-	-
Payroll Taxes	2,300.00	2,300.00	2,300.00	2,300.00	2,300.00
Workments Comp Ins	4,700.00	4,700.00	4,700.00	4,700.00	4,700.00
Group Health Insurance	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00
Life Insurance	600.00	600.00	600.00	600.00	600.00
Safe Harbor Match	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00
Payroll Taxes and Benefits	14,450.00	14,550.00	14,550.00	14,450.00	14,550.00
Heat Light Power and Water	2,500.00	2,000.00	2,000.00	2,500.00	2,000.00
Facility Maintenance	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00
Repairs	500.00	500.00	500.00	500.00	500.00
Rent	-	-	-	-	-
Common Area Maintenance	-	-	-	-	-
Leased Property Insurance	-	-	-	-	-
Leased Property RE Taxes	-	-	-	-	-
Real Estate Taxes	-	-	-	50,000.00	-
	-	-	-	-	-
Total Occupancy	5,600.00	5,100.00	5,100.00	55,600.00	5,100.00
Check Processing Fees	200.00	100.00	100.00	200.00	100.00
Bank Service Fees	300.00	5,000.00	5,000.00	300.00	5,000.00
Office Supplies and Postage	450.00	200.00	200.00	450.00	200.00
Advertising	600.00	600.00	600.00	600.00	600.00
Donations	-	-	-	-	-
Telephone	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00

Bad Debts	-	400.00	400.00	-	400.00
Credit Card Expense	500.00	500.00	500.00	500.00	500.00
Delivery Expense	300.00	350.00	350.00	300.00	350.00
Ryder Truck rental	600.00	600.00	600.00	600.00	600.00
Insurance	2,200.00	2,800.00	2,800.00	2,200.00	2,800.00
D/B/L Insurance Expense	800.00	1,000.00	1,000.00	800.00	1,000.00
Taxes	-	-	-	-	-
Sales Tax	-	-	-	-	-
Sales Tax Interest	-	-	-	-	-
Interest	-	-	-	-	-
Depreciation	420.00	-	-	420.00	-
Depreciation-WB	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
Depreciation-Bldgs & Sprts Ctr	250.00	250.00	250.00	250.00	250.00
Store and Shop supplies	500.00	500.00	500.00	500.00	500.00
Waste disposal Expense	670.00	500.00	500.00	670.00	500.00
Legal and Accounting	200.00	-	-	200.00	-
Professional Services	-	-	-	-	-
Dues and Subscriptions	100.00	125.00	125.00	100.00	125.00
Travel, Buying, Entertainments	525.00	500.00	500.00	525.00	500.00
Food Expense	-	-	-	-	-
Miscellaneous Expense	-	-	-	-	-
Amortization Expense	-	-	-	-	-
Amortization Expense - WB	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Cash over & Short	-	-	-	-	-
Retirement Benefit Obligation	-	-	-	-	-
Computer Expense	925.00	-	-	925.00	-
Internet Expense	400.00	400.00	400.00	400.00	400.00
Finance Charges	-	-	-	-	-
Penalties	-	-	-	-	-
Total General & Administration	13,190.00	17,075.00	17,075.00	13,190.00	17,075.00
Gross Operating Income	(19,340.00)	(23,325.00)	(23,325.00)	(69,340.00)	(23,325.00)
Dividends	-	-	-	-	-
Gain on Sale of Fixed Assets	-	(6,900.00)	(6,900.00)	-	(6,900.00)
Bad Debts Recovery	-	-	-	-	-
Other Income	-	-	-	-	-
Commission Income	-	-	-	-	-
Third Party Income	-	-	-	-	-
Total Other Income	-	(6,900.00)	(6,900.00)	-	(6,900.00)
Gross Income (Loss)	(19,340.00)	(30,225.00)	(30,225.00)	(69,340.00)	(30,225.00)
Other Income & Expense	-	-	-	-	-
Income/Loss Fr Discont'd Oprtn	-	(6,900.00)	(6,900.00)	-	(6,900.00)

Gain/Loss on Disposl					
Disctd Oper	-	-	-	-	-
		-	-		-
Net Income (Loss)	(19,340.00)	(37,125.00)	(37,125.00)	(69,340.00)	(37,125.00)



-	400.00	400.00	400.00	400.00	400.00	400.00
500.00	500.00	500.00	500.00	500.00	500.00	500.00
300.00	350.00	350.00	350.00	350.00	350.00	350.00
600.00	600.00	600.00	600.00	600.00	600.00	600.00
2,200.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00
800.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
420.00	-	-	-	-	-	-
1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
250.00	250.00	250.00	250.00	250.00	250.00	250.00
500.00	500.00	500.00	500.00	500.00	500.00	500.00
670.00	500.00	500.00	500.00	500.00	500.00	500.00
200.00	-	-	-	-	-	-
-	-	-	-	-	-	-
100.00	125.00	125.00	125.00	125.00	125.00	125.00
525.00	500.00	500.00	500.00	500.00	500.00	500.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
925.00	-	-	-	-	-	-
400.00	400.00	400.00	400.00	400.00	400.00	400.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,190.00	17,075.00	17,075.00	17,075.00	17,075.00	17,075.00	17,075.00
(69,340.00)	(23,325.00)	(15,325.00)	24,675.00	74,675.00	114,675.00	304,675.00
-	-	-	-	-	-	-
-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)
(69,340.00)	(30,225.00)	(22,225.00)	17,775.00	67,775.00	107,775.00	297,775.00
-	-	-	-	-	-	-
-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)



-	-	-	-	-	-	-
(69,340.00)	(37,125.00)	(29,125.00)	10,875.00	60,875.00	100,875.00	290,875.00

		2013	-	-	-
Total		Jan	Feb	March	April
2,484,000.00		130,000.00	130,000.00	130,000.00	130,000.00
41,700.00	1.68%	3,100.00	3,600.00	3,600.00	3,100.00
2,442,300.00	98.32%	126,900.00	126,400.00	126,400.00	126,900.00
6,300.00	0.25%	-	700.00	700.00	-
		-			-
		11,000.00	10,000.00	10,000.00	11,000.00
1,110,000.00	44.69%	70,000	70,000	70,000	70,000
1,332,300.00	53.64%	56,900.00	56,400.00	56,400.00	56,900.00
54.6%		44.8%	44.6%	44.6%	44.8%
		20,000	20,000	20,000	20,000
305,000.00	12.28%	25,000	25,000	25,000	25,000
550,000.00	22.14%	45,000.00	45,000.00	45,000.00	45,000.00
12,900.00	0.52%	1,000.00	1,100.00	1,100.00	1,000.00
		-	-	-	-
27,600.00	1.11%	2,300.00	2,300.00	2,300.00	2,300.00
56,400.00	2.27%	4,700.00	4,700.00	4,700.00	4,700.00
57,600.00	2.32%	4,800.00	4,800.00	4,800.00	4,800.00
7,200.00		600.00	600.00	600.00	600.00
12,600.00	0.51%	1,050.00	1,050.00	1,050.00	1,050.00
174,300.00	7.02%	14,450.00	14,550.00	14,550.00	14,450.00
25,500.00	1.03%	2,500.00	2,000.00	2,000.00	2,500.00
31,200.00	1.26%	2,600.00	2,600.00	2,600.00	2,600.00
6,000.00	0.24%	500.00	500.00	500.00	500.00
-	0.00%	-	-	-	-
-		-	-	-	-
-		-	-	-	-
-		-	-	-	-
100,000.00		-	-	-	50,000.00
		-	-	-	-
162,700.00	6.55%	5,600.00	5,100.00	5,100.00	55,600.00
1,500.00	0.06%	200.00	100.00	100.00	200.00
45,900.00	1.85%	300.00	5,000.00	5,000.00	300.00
3,150.00	0.13%	450.00	200.00	200.00	450.00
7,200.00	0.29%	600.00	600.00	600.00	600.00
-		-	-	-	-
12,600.00	0.51%	1,050.00	1,050.00	1,050.00	1,050.00

3,600.00		-	400.00	400.00	-
6,000.00	0.24%	500.00	500.00	500.00	500.00
4,050.00	0.16%	300.00	350.00	350.00	300.00
7,200.00	0.29%	600.00	600.00	600.00	600.00
31,800.00	1.28%	2,200.00	2,800.00	2,800.00	2,200.00
11,400.00	0.46%	800.00	1,000.00	1,000.00	800.00
-		-	-	-	-
-		-	-	-	-
-		-	-	-	-
-	0.00%	-	-	-	-
1,260.00	0.05%	420.00	-	-	420.00
14,400.00	0.58%	1,200.00	1,200.00	1,200.00	1,200.00
3,000.00	0.12%	250.00	250.00	250.00	250.00
6,000.00	0.24%	500.00	500.00	500.00	500.00
6,510.00	0.26%	670.00	500.00	500.00	670.00
600.00		200.00	-	-	200.00
-		-	-	-	-
1,425.00		100.00	125.00	125.00	100.00
6,075.00	0.24%	525.00	500.00	500.00	525.00
-		-	-	-	-
-		-	-	-	-
-		-	-	-	-
12,000.00	0.48%	1,000.00	1,000.00	1,000.00	1,000.00
-		-	-	-	-
-	0.00%	-	-	-	-
2,775.00	0.11%	925.00	-	-	925.00
4,800.00	0.19%	400.00	400.00	400.00	400.00
-	0.00%	-	-	-	-
-		-	-	-	-
-		-	-	-	-
193,245.00	7.78%	13,190.00	17,075.00	17,075.00	13,190.00
252,055.00	10.15%	(21,340.00)	(25,325.00)	(25,325.00)	(71,340.00)
		-	-	-	-
(62,100.00)		-	(6,900.00)	(6,900.00)	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
(62,100.00)		-	(6,900.00)	(6,900.00)	-
189,955.00	7.65%	(21,340.00)	(32,225.00)	(32,225.00)	(71,340.00)
		-	-	-	-
(6,900.00)		-	(6,900.00)	(6,900.00)	-

		-	-	-	-
		-	-	-	-
183,055.00	7.37%	(21,340.00)	(39,125.00)	(39,125.00)	(71,340.00)



400.00	-	400.00	400.00	400.00	400.00	400.00
500.00	500.00	500.00	500.00	500.00	500.00	500.00
350.00	300.00	350.00	350.00	350.00	350.00	350.00
600.00	600.00	600.00	600.00	600.00	600.00	600.00
2,800.00	2,200.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00
1,000.00	800.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	420.00	-	-	-	-	-
1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
250.00	250.00	250.00	250.00	250.00	250.00	250.00
500.00	500.00	500.00	500.00	500.00	500.00	500.00
500.00	670.00	500.00	500.00	500.00	500.00	500.00
-	200.00	-	-	-	-	-
-	-	-	-	-	-	-
125.00	100.00	125.00	125.00	125.00	125.00	125.00
500.00	525.00	500.00	500.00	500.00	500.00	500.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	925.00	-	-	-	-	-
400.00	400.00	400.00	400.00	400.00	400.00	400.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,075.00	13,190.00	17,075.00	17,075.00	17,075.00	17,075.00	17,075.00
(25,325.00)	(71,340.00)	(25,325.00)	(5,325.00)	59,675.00	109,675.00	209,675.00
-	-	-	-	-	-	-
(6,900.00)	-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(6,900.00)	-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)
(32,225.00)	(71,340.00)	(32,225.00)	(12,225.00)	52,775.00	102,775.00	202,775.00
-	-	-	-	-	-	-
(6,900.00)	-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)

-	-	-	-	-	-	-
-	-	-	-	-	-	-
(39,125.00)	(71,340.00)	(39,125.00)	(19,125.00)	45,875.00	95,875.00	195,875.00

Dec	Total	
800,000	3,180,000.00	
3,600.00	41,700.00	1.31%
796,400.00	3,138,300.00	98.69%
700.00	6,300.00	0.20%
10,000.00		
405,000	1,650,000.00	51.89%
391,400.00	1,488,300.00	46.80%
49.1%	47.4%	
30,000		
40,000	315,000.00	9.91%
70,000.00	565,000.00	17.77%
1,100.00	12,900.00	0.41%
-		
2,300.00	27,600.00	0.87%
4,700.00	56,400.00	1.77%
4,800.00	57,600.00	1.81%
600.00	7,200.00	
1,050.00	12,600.00	0.40%
14,550.00	174,300.00	5.48%
2,000.00	25,500.00	0.80%
2,600.00	31,200.00	0.98%
500.00	6,000.00	0.19%
-	-	0.00%
-	-	
-	-	
-	-	
-	100,000.00	
-		
5,100.00	162,700.00	5.12%
100.00	1,500.00	0.05%
5,000.00	45,900.00	1.44%
200.00	3,150.00	0.10%
600.00	7,200.00	0.23%
-	-	
1,050.00	12,600.00	0.40%



400.00	3,600.00	
500.00	6,000.00	0.19%
350.00	4,050.00	0.13%
600.00	7,200.00	0.23%
2,800.00	31,800.00	1.00%
1,000.00	11,400.00	0.36%
-	-	
-	-	
-	-	
-	-	0.00%
-	1,260.00	0.04%
1,200.00	14,400.00	0.45%
250.00	3,000.00	0.09%
500.00	6,000.00	0.19%
500.00	6,510.00	0.20%
-	600.00	
-	-	
125.00	1,425.00	
500.00	6,075.00	0.19%
-	-	
-	-	
-	-	
1,000.00	12,000.00	0.38%
-	-	
-	-	0.00%
-	2,775.00	0.09%
400.00	4,800.00	0.15%
-	-	0.00%
-	-	
-	-	
17,075.00	193,245.00	6.08%
284,675.00	393,055.00	12.36%
-		
(6,900.00)	(62,100.00)	
-		
-		
-		
-		
(6,900.00)	(62,100.00)	
277,775.00	330,955.00	10.41%
-		
(6,900.00)	(6,900.00)	

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-

270,875.00	324,055.00	10.19%
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<b>Hacketts</b>	<b>2014</b>				
	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>
Gross Sales	122,000.00	122,000.00	122,000.00	150,000.00	150,000.00
	3,100.00	3,600.00	3,600.00	3,100.00	3,600.00
Net Sales	118,900.00	118,400.00	118,400.00	146,900.00	146,400.00
	-			-	
	-			-	
	-			-	
	-	700.00	700.00	-	700.00
	-			-	
	11,000.00	10,000.00	10,000.00	11,000.00	10,000.00
Total Cost of Goods Sold	60,000	60,000	60,000	80,000	80,000
Gross Profit	58,900.00	58,400.00	58,400.00	66,900.00	66,400.00
	49.5%	49.3%	49.3%	45.5%	45.4%
Salaries- Office	25,000	25,000	25,000	25,000	25,000
Salaries-Store Staff	30,000	30,000	30,000	30,000	30,000
Total Salaries Expense	55,000.00	55,000.00	55,000.00	55,000.00	55,000.00
Payroll Fees	1,000.00	1,100.00	1,100.00	1,000.00	1,100.00
Salaries Contractual Expenses	-	-	-	-	-
Payroll Taxes	2,300.00	2,300.00	2,300.00	2,300.00	2,300.00
Workmen's Comp Ins	4,700.00	4,700.00	4,700.00	4,700.00	4,700.00
Group Health Insurance	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00
Life Insurance	600.00	600.00	600.00	600.00	600.00
Safe Harbor Match	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00
Payroll Taxes and Benefits	14,450.00	14,550.00	14,550.00	14,450.00	14,550.00
Heat Light Power and Water	2,500.00	2,000.00	2,000.00	2,500.00	2,000.00
Facility Maintenance	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00
Repairs	500.00	500.00	500.00	500.00	500.00
Rent	-	-	-	-	-
Common Area Maintenance	-	-	-	-	-
Leased Property Insurance	-	-	-	-	-
Leased Property RE Taxes	-	-	-	-	-
Real Estate Taxes	-	-	-	50,000.00	-
	-	-	-	-	-
Total Occupancy	5,600.00	5,100.00	5,100.00	55,600.00	5,100.00
Check Processing Fees	200.00	100.00	100.00	200.00	100.00
Bank Service Fees	300.00	5,000.00	5,000.00	300.00	5,000.00
Office Supplies and Postage	450.00	200.00	200.00	450.00	200.00
Advertising	600.00	600.00	600.00	600.00	600.00

Donations	-	-	-	-	-
Telephone	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00
Bad Debts	-	400.00	400.00	-	400.00
Credit Card Expense	500.00	500.00	500.00	500.00	500.00
Delivery Expense	300.00	350.00	350.00	300.00	350.00
Ryder Truck rental	600.00	600.00	600.00	600.00	600.00
Insurance	2,200.00	2,800.00	2,800.00	2,200.00	2,800.00
D/B/L Insurance Expense	800.00	1,000.00	1,000.00	800.00	1,000.00
Taxes	-	-	-	-	-
Sales Tax	-	-	-	-	-
Sales Tax Interest	-	-	-	-	-
Interest	-	-	-	-	-
Depreciation	420.00	-	-	420.00	-
Depreciation-WB	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
Depreciation-Bldgs & Sprts C	250.00	250.00	250.00	250.00	250.00
Store and Shop supplies	500.00	500.00	500.00	500.00	500.00
Waste disposal Expense	670.00	500.00	500.00	670.00	500.00
Legal and Accounting	200.00	-	-	200.00	-
Professional Services	-	-	-	-	-
Dues and Subscriptions	100.00	125.00	125.00	100.00	125.00
Travel, Buying, Entertainmer	525.00	500.00	500.00	525.00	500.00
Food Expense	-	-	-	-	-
Miscellaneous Expense	-	-	-	-	-
Amortization Expense	-	-	-	-	-
Amortization Expense - WB	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Cash over & Short	-	-	-	-	-
Retirement Benefit Obligation	-	-	-	-	-
Computer Expense	925.00	-	-	925.00	-
Internet Expense	400.00	400.00	400.00	400.00	400.00
Finance Charges	-	-	-	-	-
Penalties	-	-	-	-	-
Total General & Administrative	13,190.00	17,075.00	17,075.00	13,190.00	17,075.00
Gross Operating Income	(29,340.00)	(33,325.00)	(33,325.00)	(71,340.00)	(25,325.00)
Dividends	-	-	-	-	-
Gain on Sale of Fixed Assets	-	(6,900.00)	(6,900.00)	-	(6,900.00)
Bad Debts Recovery	-	-	-	-	-
Other Income	-	-	-	-	-
Commission Income	-	-	-	-	-
Third Party Income	-	-	-	-	-
Total Other Income	-	(6,900.00)	(6,900.00)	-	(6,900.00)
Gross Income (Loss)	(29,340.00)	(40,225.00)	(40,225.00)	(71,340.00)	(32,225.00)
Other Income & Expense	-	-	-	-	-
Income/Loss Fr Discont'd Op	-	(6,900.00)	(6,900.00)	-	(6,900.00)
Gain/Loss on Disposl Disctd	-	-	-	-	-
Net Income (Loss)	(29,340.00)	(47,125.00)	(47,125.00)	(71,340.00)	(39,125.00)



-	-	-	-	-	-	-
1,050.00	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00
-	400.00	400.00	400.00	400.00	400.00	400.00
500.00	500.00	500.00	500.00	500.00	500.00	500.00
300.00	350.00	350.00	350.00	350.00	350.00	350.00
600.00	600.00	600.00	600.00	600.00	600.00	600.00
2,200.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00
800.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
420.00	-	-	-	-	-	-
1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
250.00	250.00	250.00	250.00	250.00	250.00	250.00
500.00	500.00	500.00	500.00	500.00	500.00	500.00
670.00	500.00	500.00	500.00	500.00	500.00	500.00
200.00	-	-	-	-	-	-
-	-	-	-	-	-	-
100.00	125.00	125.00	125.00	125.00	125.00	125.00
525.00	500.00	500.00	500.00	500.00	500.00	500.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
925.00	-	-	-	-	-	-
400.00	400.00	400.00	400.00	400.00	400.00	400.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,190.00	17,075.00	17,075.00	17,075.00	17,075.00	17,075.00	17,075.00
(71,340.00)	(25,325.00)	9,675.00	94,675.00	179,675.00	279,675.00	329,675.00
-	-	-	-	-	-	-
-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)
(71,340.00)	(32,225.00)	2,775.00	87,775.00	172,775.00	272,775.00	322,775.00
-	-	-	-	-	-	-
-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(71,340.00)	(39,125.00)	(4,125.00)	80,875.00	165,875.00	265,875.00	315,875.00

		2015	-	-
Total		Jan	Feb	March
3,866,000.00		150,000.00	150,000.00	225,000.00
41,700.00	1.08%	3,100.00	3,600.00	3,600.00
3,824,300.00	98.92%	146,900.00	146,400.00	221,400.00
		-		
		-		
		-		
6,300.00	0.16%	-	700.00	700.00
		-		
		11,000.00	10,000.00	10,000.00
1,985,000.00	51.35%	80,000	80,000	110,000
1,839,300.00	47.58%	66,900.00	66,400.00	111,400.00
48.1%		45.5%	45.4%	50.3%
		25,000	25,000	25,000
390,000.00	10.09%	30,000	30,000	30,000
705,000.00	18.24%	55,000.00	55,000.00	55,000.00
12,900.00	0.33%	1,000.00	1,100.00	1,100.00
		-	-	-
27,600.00	0.71%	2,300.00	2,300.00	2,300.00
56,400.00	1.46%	4,700.00	4,700.00	4,700.00
57,600.00	1.49%	4,800.00	4,800.00	4,800.00
7,200.00		600.00	600.00	600.00
12,600.00	0.33%	1,050.00	1,050.00	1,050.00
174,300.00	4.51%	14,450.00	14,550.00	14,550.00
25,500.00	0.66%	2,500.00	2,000.00	2,000.00
31,200.00	0.81%	2,600.00	2,600.00	2,600.00
6,000.00	0.16%	500.00	500.00	500.00
-	0.00%	-	-	-
-		-	-	-
-		-	-	-
-		-	-	-
100,000.00		-	-	-
		-	-	-
162,700.00	4.21%	5,600.00	5,100.00	5,100.00
1,500.00	0.04%	200.00	100.00	100.00
45,900.00	1.19%	300.00	5,000.00	5,000.00
3,150.00	0.08%	450.00	200.00	200.00
7,200.00	0.19%	600.00	600.00	600.00

-		-	-	-
12,600.00	0.33%	1,050.00	1,050.00	1,050.00
3,600.00		-	400.00	400.00
6,000.00	0.16%	500.00	500.00	500.00
4,050.00	0.10%	300.00	350.00	350.00
7,200.00	0.19%	600.00	600.00	600.00
31,800.00	0.82%	2,200.00	2,800.00	2,800.00
11,400.00	0.29%	800.00	1,000.00	1,000.00
-		-	-	-
-		-	-	-
-		-	-	-
-	0.00%	-	-	-
1,260.00	0.03%	420.00	-	-
14,400.00	0.37%	1,200.00	1,200.00	1,200.00
3,000.00	0.08%	250.00	250.00	250.00
6,000.00	0.16%	500.00	500.00	500.00
6,510.00	0.17%	670.00	500.00	500.00
600.00		200.00	-	-
-		-	-	-
1,425.00		100.00	125.00	125.00
6,075.00	0.16%	525.00	500.00	500.00
-		-	-	-
-		-	-	-
-		-	-	-
12,000.00	0.31%	1,000.00	1,000.00	1,000.00
-		-	-	-
-	0.00%	-	-	-
2,775.00	0.07%	925.00	-	-
4,800.00	0.12%	400.00	400.00	400.00
-	0.00%	-	-	-
-		-	-	-
-		-	-	-
193,245.00	5.00%	13,190.00	17,075.00	17,075.00
604,055.00	15.62%	(21,340.00)	(25,325.00)	19,675.00
		-	-	-
(62,100.00)		-	(6,900.00)	(6,900.00)
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
(62,100.00)		-	(6,900.00)	(6,900.00)
541,955.00	14.02%	(21,340.00)	(32,225.00)	12,775.00
		-	-	-
(6,900.00)		-	(6,900.00)	(6,900.00)
		-	-	-
		-	-	-
535,055.00	13.84%	(21,340.00)	(39,125.00)	5,875.00





-	-	-	-	-	-	-
1,050.00	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00
-	400.00	-	400.00	400.00	400.00	400.00
500.00	500.00	500.00	500.00	500.00	500.00	500.00
300.00	350.00	300.00	350.00	350.00	350.00	350.00
600.00	600.00	600.00	600.00	600.00	600.00	600.00
2,200.00	2,800.00	2,200.00	2,800.00	2,800.00	2,800.00	2,800.00
800.00	1,000.00	800.00	1,000.00	1,000.00	1,000.00	1,000.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
420.00	-	420.00	-	-	-	-
1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
250.00	250.00	250.00	250.00	250.00	250.00	250.00
500.00	500.00	500.00	500.00	500.00	500.00	500.00
670.00	500.00	670.00	500.00	500.00	500.00	500.00
200.00	-	200.00	-	-	-	-
-	-	-	-	-	-	-
100.00	125.00	100.00	125.00	125.00	125.00	125.00
525.00	500.00	525.00	500.00	500.00	500.00	500.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
925.00	-	925.00	-	-	-	-
400.00	400.00	400.00	400.00	400.00	400.00	400.00
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,190.00	17,075.00	13,190.00	17,075.00	17,075.00	17,075.00	17,075.00
(31,340.00)	14,675.00	(31,340.00)	14,675.00	74,675.00	139,675.00	224,675.00
-	-	-	-	-	-	-
-	(6,900.00)	-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(6,900.00)	-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)
(31,340.00)	7,775.00	(31,340.00)	7,775.00	67,775.00	132,775.00	217,775.00
-	-	-	-	-	-	-
-	(6,900.00)	-	(6,900.00)	(6,900.00)	(6,900.00)	(6,900.00)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(31,340.00)	875.00	(31,340.00)	875.00	60,875.00	125,875.00	210,875.00

-	-	-	
1,050.00	1,050.00	12,600.00	0.26%
400.00	400.00	3,600.00	
500.00	500.00	6,000.00	0.13%
350.00	350.00	4,050.00	0.08%
600.00	600.00	7,200.00	0.15%
2,800.00	2,800.00	31,800.00	0.67%
1,000.00	1,000.00	11,400.00	0.24%
-	-	-	
-	-	-	
-	-	-	
-	-	-	0.00%
-	-	1,260.00	0.03%
1,200.00	1,200.00	14,400.00	0.30%
250.00	250.00	3,000.00	0.06%
500.00	500.00	6,000.00	0.13%
500.00	500.00	6,510.00	0.14%
-	-	600.00	
-	-	-	
125.00	125.00	1,425.00	
500.00	500.00	6,075.00	0.13%
-	-	-	
-	-	-	
-	-	-	
1,000.00	1,000.00	12,000.00	0.25%
-	-	-	
-	-	-	0.00%
-	-	2,775.00	0.06%
400.00	400.00	4,800.00	0.10%
-	-	-	0.00%
-	-	-	
-	-	-	
17,075.00	17,075.00	193,245.00	4.05%
249,675.00	349,675.00	978,055.00	20.48%
-	-	-	
(6,900.00)	(6,900.00)	(62,100.00)	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
(6,900.00)	(6,900.00)	(62,100.00)	
242,775.00	342,775.00	915,955.00	19.18%
-	-	-	
(6,900.00)	(6,900.00)	(6,900.00)	
-	-	-	
-	-	-	
235,875.00	335,875.00	909,055.00	19.04%

## **LIQUIDATION ANALYSIS**

Debtor believes that the market value of its assets is not sufficient to satisfy all claims in full. A balance sheet of the debtor is not necessary as the debtor's assets are fully encumbered to the secured creditors thereby indicating that in the event of liquidation no assets would be available for distribution to unsecured creditors. The same would be especially true if the assets were liquidated. The debtor estimates that a small percentage of the real estate value would be obtained in liquidation. The debtor's real estate holdings do not exceed \$1,000,000.00. Present value of inventory and equipment, considering liquidation factors, would not exceed \$600,000.00 and the intangible value of the debtor's good will is minimal at this juncture.

## **THE PLAN**

Although a full copy of the Plan is being transmitted with this Disclosure Statement, a brief description of the Plan Classifications and treatment proposed to same follows:

## **CLASSIFICATION**

The Code permits classification of claims into groups of claims with similar legal rights. Those classes and proposed treatments, for the purposes of Debtor's Plan of Reorganization, are as follows:

**CLASSIFICATION AND TREATMENT OF  
CLAIMS AND EQUITY INTERESTS.**

The plan classifies and treats the creditors in the following manner

**Class 1:** Consists of allowed expenses of administration pursuant to §503(b) of the Code. Such allowed expenses will be paid in full within thirty (30) days of the Effective Date of the Plan, or in accordance with such other terms as may be agreeable between the debtor and the holder of said claim, subject to Court approval and, further, accept as set forth below. These claims specifically include fees to professionals which have accrued after the Petition date and shall be exclusive of interest or penalties. The estimated claims in this class total approximately \$100,000.00. This class shall also include the payment of the United States Trustee fees pursuant to 11 U.S.C. 1930 until the closure of the case.

Class I is not entitled to vote.

**Class 2:** Consist of the claims of the True Value and YA. The same will each be paid with interest at 5% in the amount of \$50,000.00 per month. It is anticipated That codebtor will satisfy the majority of the obligation. . True Value and YA shall retain its lien on the real and personal property of the debtor to the extent the same existed prior to the commencement of this case and as determined by the court in the above mentioned adversary proceeding.

Class 2 is impaired and entitled to vote.

**Class 3** Consists of the allowed, secured claims of Key Bank and its successors and assigns as concerns the real property of the debtor.. The allowed secured claim shall be paid in full in the approximate amount of \$623,000.00 over 25 year period with interest at 6.25% per annum in monthly payments. . The first payment shall be paid on the first day of the first month following the Effective Date. Key Bank and its successors and assigns shall retain its lien on the real and personal property of the debtor to the extent the same existed prior to the commencement of this case.

Class 3 is impaired and is entitled to vote.

**Class 4** Consists of the allowed, secured claims of The North Country Alliance the Industrial Development Agencies of St. Lawrence County, Oswego County and Lewis County. (the “Public Entities”) AS not equity exists to secure these obligations, the same will be treated in the same matter as unsecured creditors in Class 6 below.

Class 4 is impaired and is entitled to vote.

**Class 5** Consists of all lease holders and parties to executory contracts; each of which will be rejected. These creditors will be treated in the same matter as unsecured creditors in Class 6 below .

Class 5 is impaired and is not entitled to vote.

**Class 6** Consists of all unsecured claims and those claims secured pursuant to the agreement to exit the prior Chapter Seven involuntary proceeding of the debtor.

Members of this class will receive a distribution of 3% of their allowed claim seven (7)

years after the Effective Date. The same shall be paid by twice per year in semi-annual payments for thirty years commencing thirty days after the effective date. The payments shall be made semi-annually upon October 1, and February 1 of each year..

Class 6 is impaired and entitled to vote.

**Class 7:** Consists of the Debtor's shareholder. The sole holder of the Equity Interest shall receive no distribution under the Plan. The debtor's shareholders shall retain their shares for the purposes of affecting this plan but shall receive no distribution. The debtor's sole shareholder shall also contribute \$500,000.00 as new value for the shares.

Class 7 is impaired and entitled to vote.

### **III**

#### **ACCEPTANCE OR REJECTION OF THE PLAN**

A. Voting Classes. Except as otherwise provided in the Plan or by order of the Court, each holder of a Claim in Classes that is not a Disputed Claim shall be entitled to vote to accept or reject the Plan, unless otherwise ordered by the Court.

B. Acceptance by Impaired Class. An impaired class of Claims shall have accepted the Plan if the holders (other than any holder designated under section 1126(e) of the Code) of at least two-thirds in amount and more than one-half in number of the holders of the Allowed Claims actually voting in such class have voted to accept the Plan.

C. Nonconsensual Confirmation. The Debtor requests that in the event any of the impaired classes reject the Plan, the Court confirm the Plan in accordance with

section 1129(c) of the Code.

#### IV

### MEANS OF IMPLEMENTATION OF THE PLAN

A. Basis of Payment. All payments made and funds anticipated to be distributed pursuant to the terms and provisions of the Plan and shall be derived from the revenues and income generated by the continued operation of the Debtor's operations as well as the capital contributions set forth above.

Cancellation of Existing Securities and Agreements. On the Effective Date, any promissory notes and other instruments evidencing any Claim shall be deemed canceled without further act or action under any applicable agreement, law, regulation, order, or rule and the obligations of the Debtor under the agreements, indentures and the certificates of designations governing such Claims, as the case may be, shall be discharged except for those documents evidencing the secured position of various creditors.

C. Cash Payments. Any payment made pursuant to the Plan may be made either in cash, by check drawn on a bank that is a member of the New York Clearing House Association or by wire transfer from such a bank, at the option of the Debtor.

D. Saturday, Sunday or Legal Holiday. If any payment, distribution or other act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payments or the performance of such act may be completed



on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

E. Failure to Negotiate Checks, etc. Checks and wire transfers issued in respect of distributions under the Plan shall be null and void if not negotiated or cleared within sixty (60) days after the date of issuance. Thereafter, all Claims in respect of void checks and wire transfer and the underlying distributions shall be discharged and forever barred from assertion against the Debtor and its property.

F. Tax Exemption. Transfers of any assets on or after the Effective Date shall be made pursuant to order of the Bankruptcy Court and, accordingly, to the fullest extent permitted by law, shall be exempt from all stamp taxes and similar taxes with the meaning of section 1146(c) of the Code.

## V

### **EXECUTORY CONTRACTS AND UNEXPIRED LEASES.**

Except as thereafter provided, the Debtor hereby rejects each of the outstanding executory contracts and unexpired leases under which it was obligated or to which it was a party as of the Petition Date except as noted above.

## VI

### **MODIFICATION/REVOCATION OF THE PLAN**

A. Modification. After confirmation of the Plan, Debtor may alter, amend or modify the Plan in accordance with Section 1127 of the Code.

B.      Revocation.    Debtor reserves the right to revoke and withdraw the Plan at any time prior to the Confirmation Date. If the Plan is so revoked or withdrawn or if the Effective Date does not occur, then the Plan shall be deemed null and void as it relates to the Debtor. In such event, nothing contained in the Plan shall be deemed to constitute a waiver or release of any claims by or against the Debtor or any other persons or to prejudice in to each claimant of money and/or other property at least equal in value to what the claimant would have received in a liquidation of the Debtor under Chapter 7 of the Code; (c) a finding by the Court that the Plan is feasible; and (d) with respect to each Class, either acceptance by that Class of a finding by the Court that the Plan is “Fair and equitable” and does not “discriminate unfairly” against that Class.

This Disclosure Statement has been approved by order of the Court dated \_\_\_\_\_, 2010, as containing information of a kind and in sufficient detail that will enable holders of Claims to make an informed decision about the Plan. Accordingly, this Disclosure Statement is being used in connection with the solicitation of acceptance of the Plan from those classes entitled to vote on confirmation.

**A.      WHO MAY VOTE**

Only classes that are impaired under the Plan are entitled to vote on acceptance or rejection of the Plan. Generally, section 1124 of the Code provides that a class of claims or interests is considered impaired unless the allowed amount of claims is paid in full upon consummation of the Plan or a plan does not alter the legal, equitable, and contractual rights of the holder of the claim or interest. Only holders of allowed Classes two, three, four, five, six and seven claims are impaired and shall be entitled to vote on

the Plan.

A Creditor is entitled to vote only if either (a) its Claim has been scheduled by the Debtor as not disputed, contingent or unliquidated, or (b) it has filed a proof of claim on or before the Bar Date set by the Court. Any Claim as to which an objection is pending is not entitled to vote unless the creditor has obtained an order of the Court temporarily allowing the Claim for the purpose of voting on the Plan. A Creditor's vote may be disregarded if the Court determines that such acceptance or rejection was not solicited or procured in accordance with the provisions of the Code.

The Failure of the Debtor to object to a Claim prior to the Confirmation Hearing, and the counting of a ballot cast by the holder of such a Claim shall not preclude or waive the right of the Debtor to object to the Claim thereafter, as otherwise provided in the Plan.

## **B. VOTING PROCEDURES**

### **1. Solicitation Period.**

In order to be counted, a Ballot must be RECEIVED at the following address no later than 4:00 p.m. EST, on \_\_\_\_\_, 2010:

Patrick Hackett Hardware Co.  
c/o Antonucci Law Firm, LLP  
Attorneys for the Debtor  
12 Public Square  
Watertown, New York 13601

### **2. Ballots.**

A Ballot is enclosed herewith for each holder of a Claim eligible to vote on the Plan, which will serve as the Ballot for indicating acceptance or rejection of the Plan pursuant to the requirements of sections 1125 and 1126 of the Code and Bankruptcy Rule

3018(c). Only Ballots with original signatures will be accepted. FAX BALLOTS WILL NOT BE ACCEPTED.

### **C. CONFIRMATION OF THE PLAN**

Under the Code, the following steps must be taken to confirm the Plan:

#### **1. Confirmation Hearing.**

Section 1129(a) of the Code requires the Court, after notice, to hold a hearing on confirmation of the Plan. The Court has scheduled the confirmation hearing for \_\_\_\_\_, 2010 at \_\_\_\_\_ a.m. in the United States Courthouse, 10 Broad Street, Utica, New York (the "Confirmation Hearing"). Section 1128(b) of the Code provides that any party in interest may object to confirmation of the Plan, regardless of whether such party is entitled to vote.

#### **2. Objection to Confirmation.**

The Court has directed that any objection to confirmation of the Plan must be in writing and filed with the Clerk of the Court and served upon the undersigned counsel so as to be received no later than 5:00 p.m. \_\_\_\_\_, 2010.. The Confirmation Hearing may be adjourned from time to time by the Court without further notice except for an announcement made at the Confirmation Hearing or any adjournment thereof.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014.  
**UNLESS ANY OBJECTION TO CONFIRMATION IS TIMELY SERVED AND  
FILED IF ANY NOT BE CONSIDERED BY THE COURT.**

#### **3. Requirements for Confirmation of the Plan.**

At the Confirmation Hearing, the Court will determine whether the requirements of sections 1129(a) or 1129(b) of the Code have been satisfied, in which event the Court will enter an order confirming the Plan. These requirements are as follows:

a. Best Interests Test

Confirmation of the Plan requires that with respect to the impaired classes of Creditors, each holder of an Allowed Claim in such classes has either accepted the Plan or will receive under the Plan prorate of a value, as to the Effective Date, that is not less than the amount the holder would receive if the Debtor were liquidated under Chapter 7 of the Code. The Debtor must submit that it has satisfied the “best interest test” for the reasons discussed above. Notably, as a result of continuing its business as a going concern, the general unsecured creditors will receive proceeds from Debtor’s future income. Under Chapter 7 liquidation, there would be no such future income and the real estate would be disposed of to satisfy only secured creditors and real property tax claims.

b. Feasibility of the Plan

In order for the Plan to be confirmed, the Court must determine that it is feasible; that as a practical matter the Debtor has sufficient resources to meet its obligations under the Plan on a timely basis based on cash flow projections.

c. Acceptance by Impaired Classes.

Section 1129(a)(8) of the Code generally requires that each impaired class must accept the Plan by the requisite votes for confirmation to occur. A class of impaired Claims will have accepted the Plan if a least two-thirds in amount and more than one-half in number of Allowed Claims actually voting in the class, and voting upon the plan, have

accepted it. A class of Equity Interests will have accept the Plan if the holders of at least two-thirds in amount of such Equity Interests who vote have accepted it. In the event any class of Claims or Equity Interest that is impaired under the Plan fails to accept the Plan by the minimum percent of votes, except as described below, the Debtor may seek either to modify the Plan or to confirm the Plan pursuant to the provision of section 1129(b) of the Code.

d. Fair and Equitable Test

The Court must determine at the Confirmation Hearing whether the Plan is firm and equitable and does not discriminate unfairly against impaired dissenting class of Claims.

With respect to an Unsecured Claim, “fair and equitable” means either (a) the impaired unsecured creditor receives property of a value equal to the amount of its claim or (b) the holders of claims of the dissenting class will not receive any property under the Plan. Under the Plan, the holders of claims and interests that are junior to Class 11 will not receive any distribution.

With respect to the class of Equity Interest, “fair and equitable” means either (a) each holder of an interest of such class receives or retains on account of such interest property of a value, equal to the greater of the allowed amount of nay fixed liquidation preference to which such holder is entitled or the value of such interest; or (b) the holder of any interest that is junior to the interest of such class will not receive or retain any property on account of such junior interest. Under the Plan, the holders of Equity Interest are deemed to have rejected the Plan under section 1126(g) of the Code. Accordingly,

Debtor intends to confirm the Plan with respect to the Equity Interest under section 1129(b)(2)(C) of the Code. Notably, no equity holders exist in this case.

Based upon the distributions to be made to holders of Allowed Claims under the Plan, Debtor submits that the Plan is fair and equitable.

### **TAX CONSEQUENCES OF THE PLAN**

The following discussion summarizes certain federal income tax consequences of the Plan to the Debtor and holders of Claims and Equity Interests. The analysis contained herein is based upon the Internal Revenue Code of 1986, as amended (the "Tax Code"), the Treasury Regulations promulgated and proposed thereunder, judicial decisions and published administrative rulings and pronouncements of the Internal Revenue Service ("IRS") as in effect on the date hereof. Legislative, Judicial or administrative changes or interpretations hereafter enacted or promulgated could alter or modify the analysis and conclusions set forth below. Any such changes or interpretations may be retroactive and could affect significantly the federal income tax consequences discussed below. This summary does not address foreign, state or local or other tax law, or any estate or gift tax consequences of the Plan, nor does it purport to address the federal income tax consequences of the Plan to special classes of taxpayers (such as taxpayers who are not U.S. domestic corporations or citizens or residents of the United States, S corporations, banks, mutual funds, insurance companies, financial institutions, regulated investment companies, broker-dealers and tax-exempt organizations).

THE TAX CONSEQUENCES TO HOLDERS OF CLAIMS AND EQUITY INTERESTS  
MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER.  
MOREOVER, THE TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE

UNCERTAIN DUE TO LACK OF APPLICABLE LEGAL PRECEDENT AND THE POSSIBILITY OF CHANGES IN THE APPLICABLE TAX LAW. NO RULING HAS BEEN APPLIED FOR OR OBTAINED FROM THE IRS WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPTION OF COUNSEL HAD BEEN REQUESTED OR OBTAINED FROM THE IRS WITH RESPECT THERETO. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE TAX ADVICE OR A TAX OPINION CONCERNING THE MATTERS DESCRIBED. THERE CAN BE NO ASSURANCE THAT THE IRS WILL NOT CHALLENGE ANY OR ALL OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE SUSTAINED. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FEDERAL, LOCAL, FOREIGN OR OTHER TAX CONSEQUENCES OF THE PLAN.

Generally, the federal income tax consequences of the Plan to a creditor will depend upon several factors, but not limited to: (i) whether the Creditor's Claim (or portion thereof) constitutes a Claim for principal or interest;(ii) the type of consideration received by the Creditor in exchange for the Claim; (iii) whether the Creditor is a resident of the United States for tax purposes (or falls into any of the special classes of taxpayers excluded from this discussion as noted above); (iv) whether the Creditor has taken a bad debt deduction or worthless security deduction with respect to his Claim and (v) whether the Creditor receives distributions under the Plan in more than one (1) taxable year. CREDITORS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE TAX TREATMENT UNDER THE PLAN OF THEIR PARTICULAR CLAIMS.

Creditors Receipt of Cash. Creditors receiving solely cash in exchange for the Claims will



generally recognize taxable gain or loss in an amount equal to the difference between the amount realized and each such Creditor's adjusted tax basis in the Claim. The amount realized will equal the amount of cash (or, in the case of marketable securities, the fair market value of such securities) to the extent that such consideration is not allocable to any portion of the Claim representing accrued and unpaid interest.

The character of any recognized gain or loss (i.e. ordinary income, or short term or long term capital gain or loss) will depend upon the status of the Creditor, the nature of the Claim in the Creditor's hands, the purpose and circumstances of its acquisition, the Creditor's holding period of the Claim, and the extent to which the Creditor previously claimed a deduction for the worthlessness of all or a portion of the claim.

A loss generally is treated as sustained in the taxable year for which there has been a closed and complete transition, and no portion of a loss with respect to which there is a reasonable prospect of reimbursement may be deducted until it can be ascertained with reasonable certainty whether or not such reimbursement will be recovered.

Coeditors should consult with their own tax advisors as to the matters discussed in this section concerning character and timing of recognition of gain or loss. Because a loss will be allowed as a deduction only for the taxable year in which the loss was sustained, a Creditor that claims a loss in the wrong taxable year risks denial of such loss altogether. In the case of certain categories of Claims, consideration should be given to the possible availability of a bad debt deduction under section 166 of the Tax Code for a period prior to the Effective Date. In addition, a portion of any distributions received after the Effective Date may be taxed as ordinary income under the imputed interest rule.

**Receipt of Interest.** A portion of the consideration received by a Creditor in satisfaction of a Claim may be allocated to the portion of such Claim (if any) that represents accrued but unpaid interest.

If any portion of the distribution were required to be allocated to accrued interest, such portion would be taxable to the Coeditor as interest income, except to the extent the creditor has previously reported such interest as income.

In the event that a creditor has previously reported the interest income, only the balance of the distribution after the allocation of proceeds to accrued interest would be considered received by the Creditor in respect of the principal amount of the Claim. Such an allocation would reduce the amount of the gain, or increase the amount of the loss, realized by the Creditor with respect to the Claim. If such loss were a capital loss, it would not offset any amount of the distribution that was treated as ordinary interest income (except, in the case of individuals, to the limited extent that capital losses may be deducted against ordinary income).

To the extent that any portion of the distribution is treated as interest, Creditors may be required to provide certain tax information in order to avoid the withholding of taxes. CREDITORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE FEDERAL INCOME TAX TREATMENT OF CONSIDERATION RECEIVED IN SATISFACTION OF THEIR CLAIMS. The foregoing is intended to be a summary only and not a substitute for consultation with a tax professional. The federal, state, local and foreign tax consequences of the Plan are complex and in, some respects, uncertain. Such consequences may also vary based upon the individual circumstances of each holder of a Claim or Equity Interest. Accordingly, each holder of a Claim or Equity Interest is strongly urged to consult with its own tax advisor regarding the federal, state, local and foreign tax consequences of the Plan.

## **RISK FACTORS**

Distributions to creditors contemplated to be made under the Plan are contingent upon many

assumptions, some or all of which could prove to be invalid and preclude the Plan from becoming effective or reduced the anticipated distribution to creditors.

The Plan is subject to approval by various classes of creditors entitled to vote under the Code and ultimate confirmation of the Plan by the Court. No assurances can be provided that creditors will vote in favor of the Plan or that the Court will approve the same.

Debtor will remain in business. Debtor believes that the reorganization of its debt as projected cash flow will result in sufficient profit to make payments provided by the Plan. However, in the event that Debtor unable to either make the improvements necessary to lease additional units or is unable to find tenants to lease property, Debtor could default on its obligations under the Plan.

#### **UNITED STATES TRUSTEE FEES**

Pursuant to statute, the debtor, while in Chapter 11 proceedings has an ongoing obligation to Remit quarterly administrative fees to the Office of the United States Trustee. Debtor acknowledges that the ongoing obligation to remit said quarterly administrative fees commences at the date of the filing of the instant petition and continues beyond the date of Confirmation of the Plan until such time as the Court grants a Decree of Substantive Consummation. The Plan provides for the payment of United States Trustee Fees pursuant to 28 USC 1930 until closure of the case.

Debtor shall remit to the Office of the United States Trustee any and all quarterly administrative fees due up to, and including, the date of Confirmation with these fees to be paid within five (5) days following the date of Confirmation of the Plan. Additional administrative fees incurred to the Office of the United States Trustee incurred after the date of Confirmation, up to and including, the date of the issuance by the Court of the Decree of Substantial Consummation. Shall be paid on a timely basis as they become due and in no event shall the Court issue a Decree of Substantial Consummation without said

fees incurred post-confirmation having been paid in full.

#### **PROPERTY TO BE RETAINED OR SURRENDERED**

Except as expressly provided in the Plan or Order confirming Plan, the Debtor shall retain all property of the bankruptcy estate as of the Effective Date, whether tangible or intangible, scheduled or unscheduled, choate or inchoate, whosoever located, which property shall vest in the Debtor free and clear of all claims and interests of creditors pursuant to Code Section 1141.

#### **DISBURSING AGENT AND ESTABLISHMENT OF ACCOUNTS**

Debtor shall act as its own disbursing agent with respect to any payments due pursuant to the Plan. Debtor may establish such accounts with such banks as in the exercise of business judgment Debtor shall deem necessary and appropriate.

#### **EFFECTIVE DATE**

The Effective Date of the Plan shall be the first day of the month following the entry of an Order confirming The Plan and the expiration of any appeal period of the final determination of any appeal. The Effective Date may be extended in the discretion of the Court on motion by any party in interest. In the event the Effective Date is extended, the terms of the Plain shall not otherwise be altered and an extension of the Effective Date shall not be deemed a modification of the Plan unless the Court shall so

Determine. For purposes of this Disclosure Statement, Debtor assumes the Effective Date of January 15, 2011.

#### **EXECUTION OF DOCUMENTS**

Debtor is authorized to execute any and all documents necessary for the implementation of the provisions of the Plan, without further Court order, including such contracts or agreements as may be necessary to establish any modification of rights of claim holders or security interests as established by the terms of the Plan. All holders of claims or interests shall be required to execute such documents as Debtor may reasonably require for the satisfaction of debts, liens, claims, and interests upon satisfaction of the terms of the Plan.

### **RETENTION OF JURISDICTION**

Pursuant to the Local Bankruptcy Rules for the Northern District of New York, the Bankruptcy Court shall retain jurisdiction until there is substantial consummation of the Plan. Except as otherwise expressly provided in the Plan, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Case and the Plan pursuant to, and for purposes of, sections 105(a) and 1142 of the Code and for, among other things, the following purposes:

- A. To hear and determine pending applications for the assumption, assignment, or rejection of executory contracts or unexpired leases, if any, and the allowance of Claims resulting there from;
- B. To determine any and all adversary proceedings, applications and contested matters pending on the Effective Date;
- C. To determine any and all applications initiated by Debtor for the sale, abandonment or others disposition of any assets;
- D. To ensure the distributions to holders of Allowed Claims are accomplished as provided herein;

E. To hear and determine any timely objections to Administrative Expense Claims filed including any objection to the classification of any Claim, and to allow or disallow and disputed Claim, in whole or in part;

F. To enter and implement such orders as any is appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacate;

G. To issue such order in aid of execution of the Plan, to the extent authorized by section 1142 of the Code;

H. To consider any modifications of the Plan, to cure and defects or omissions, or reconcile any inconsistency on the Plan or in any order of the Court, including, without limitation, the Confirmation Order;

I. To hear and determine all applications for compensation and reimbursement of expenses of professionals incurred prior to the Effective Date under sections 330, 331 and 503(b) of the Code;

J. To hear and determine disputes arising in connection with the interpretation or enforcement of the Plan, including issues relating to releases, injunctions and discharge granted hereunder;

K. To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Code; and

L. To enter a final decree closing the Chapter 11 Case.

### **DISCHARGE ORDERS**

Pursuant to Bankruptcy Code Section 1141(d)(1) confirmation of this Plan will discharge the debtor from any debt that arose before the date of confirmation of the Plan

whether or not the creditor or party in interest has filed a proof of claim based on such debt. The failure of a creditor to file a proof of claim with the Court will not accept the said debt from discharge. Further, if the Plan is confirmed, this discharge will be in effect as to creditors whether the creditor has voted to accept the plan; voted to reject the plan; or not voted at all.

### **CONFIRMATION STANDARDS**

Debtor believes that the provisions of the proposed Plan of Reorganization comply with the mandatory requirements set forth under Code Section 1129(a)(1) through (a)(13). With respect to the provisions of Code Section 1129(a)(8) and 1129(a)(10), Debtor believes that at least one class of impaired claims will vote to accept the Debtor's Plan. Therefore, Debtor believes that the requirements of acceptance of each class of claims set forth in Bankruptcy Code Section 1129(a)(8) may be subject to cram-down provisions set forth in Bankruptcy Code Section 1129(b).

In the event Debtor is required to proceed to confirmation by cram-down in accordance with the Local Rules of the Court, Debtor believes that cram-down will be approved on that the liquidation analysis establishes the Debtor's compliance with the liquidation standards for cram-down and the proposed income for the purpose of debt repayment under the circumstances. The Debtor specifically incorporates all Exhibits attached. The Debtor also incorporates herein by reference all Monthly Operating Reports filed with the Office of the United States Bankruptcy Court Clerk for the Northern District of New York during the pendency of this proceeding. attempt to bifurcate claims status pursuant to Bankruptcy Code Section 506.

### **CONCLUSION**

The Debtor urges all holders of Claims to accept the Plan because the Plan will provide an

opportunity for such holders to receive payment in full on their claims. The Debtor affirms that each of the provisions and terms of the Plan have been reviewed by the Debtor and its sole officer, director and shareholder. That each such party has found the Plan to be fair, reasonable and feasible and as such management of Debtor has been authorized by the sole officer, director and shareholder to file the accompanying proposed plan of reorganization of the debtor.

Dated: June 21, 2010

Antonucci Law Firm LLP

Respectfully submitted  
Patrick Hackett Hardware Company

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